

MERCHANDISING COMMAND CENTER

CONFIDENTIAL

MERCHANDISING STATUS 11/17/95 COMMUNICATION #98

Important Information: Please update your Competitive Information in Retail Pack tab of 1996 Partners Program book.

TO: AVP's, AMO's, ROM's
(Please copy to Account Executives, RSM's, RBM's, KAM's, DM, AM's, Retail Managers and Sales Reps)

FROM: Trade Marketing Department
NESA - Mike Buckler (ext. 1625) SSA - John Boehm (ext. 2040)
WSA - Rich Pettorini (ext. 1052) MWSA - Bill Duffy (ext. 5776)

RE: 1996 B&W RETAIL PERFORMANCE PLUS PROGRAM

Attached is the most timely information we have relative to B&W's Retail Performance Plus Program for 1996.

- Their basic requirements remain the same as 1995.
 - Pay for performance.
 - B&W store sales volume is base.
 - B&W displays are required.
- Minimum store sales requirements are unchanged:
 - Carton outlets 40 plus B&W CPW
 - Package outlets 15 plus B&W CPW.

Sales		Retail	
1221	ALL	1222	
1222	"	1223	
1223	"	1226	
1224	"	1229	
1225	"	ROM	
1226	"		PC SC
1229	"		MC PA
1240	AM's		
1244	AM's	RSM	RBM

- Three levels of payments on packs (Silver, Gold, Platinum).
- Volume categories much tighter in 1996 (14 on self service packs versus 6 in 1995).
- Payments have increased on self service packs. Minimum payment \$70 per month. (Silver Level) to a maximum of \$365 per month (Platinum Level). 1995 rate range \$60 to \$280.

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- 1995 Platinum requirements have been partially repositioned to the Gold level in 1996 (i.e., B&W PCD must be in one or two position on Option #2 of 1996 Gold Level).
- 1996 Platinum level also requires a second counter display and emphasis on enhanced signage.
- Appears non-self service grids are the same as 1995.
- Carton self service grids are the same as 1995 with one exception; addition of Diamond level at the highest volume grid. (Diamond level increases the maximum carton payment from \$365 to \$415 per month.) Diamond appears to target Cigarette Outlets due to Enhanced signage requirements.
- Additional details on requirements and package grids are attached.

RJR Tactics

- Our Level 1 program for Pack Outlets, although substantial in payment, was not designed with the intent of matching up with B&W at their Platinum level. B&W targets RJR's retail position with the Platinum level that will require RJR's Level 2 resources in many situations. Enhancement dollars may become necessary if B&W grid jumps in setting their payment or their share is overdeveloped versus RJR.
- B&W's Gold level can be a problem, especially if presented at their Option #2 which requires only one footprint in 1st or 2nd position. We must be aware of their tactics at retail.
- It is now more important than ever that RJR use the "Bundled" approach at retail and diffuse at every occasion the RDA-to-RDA game of the past. RJR overpowers B&W's pitch when Total Resources are identified and presented.
- As was the case on their '95 rates, B&W will be a formidable competitor in outlets where GPC and/or Private Stock is overdeveloped. Communication with your RSM is critical in these situations.
- B&W grids not provided in this document have remained unchanged from 1995 and are currently available in the 1996 Partners Program book.

MLB:11/17/95
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Attachments

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1995 Vs. 1996 Package Requirements

Silver

1995

1996

- Provide B&W sales data.
- Promote B&W same rate as competitors.
- Allow B&W to communicate retail price.
- Participate in B&W promotions.
- Permit B&W to maintain PCD in one of the top three positions.
- Provide share of facings equal to B&W share.
- Stock all brands of B&W choice.

- Same
- Same
- Same
- Same
- Same
- Same
- Same
- Same
- Limit out of stocks on B&W products.

Gold

1995

1996

- Meet all Silver level requirements.
- Permit B&W to maintain a second PCD or one Gold level display (large configuration, 2 signs).
- Limit out of stocks on B&W brands.

- Same
- Permit B&W to maintain permanent PDP.
- Permanent counter display options
 - Option 1
 - B&W places second PCD.
 - Option 2
 - B&W places one PCD at primary register in number one or two position.

Major Change

Platinum

1995

1996

- Meet all Silver and Gold level requirements.
- B&W PCD in number one or two position.
- Promote B&W with enhanced signage.
- Enhanced signage - equal to positioning to competitors.

- Same.
- B&W PCD in first or second display position and a second display in an agreed upon position.
- Same
- Same

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1996 Package Self Service

Self-Service Payment Grid

Average Monthly Per Carton Payments

<u>B&W Weekly</u> <u>Volume</u>	<u>Silver</u>	<u>Gold</u>	<u>Platinum</u>	<u>Silver</u>	<u>Gold</u>	<u>Platinum</u>
15-19	\$70	\$90	\$115	\$.95	\$1.22	\$1.55
20-25	85	120	145	.87	1.23	1.49
26-30	110	150	175	.90	1.23	1.44
31-34	125	170	195	.88	1.20	1.38
35-41	140	185	210	.84	1.12	1.27
42-48	150	200	225	.77	1.02	1.15
49-56	165	215	240	.73	.95	1.05
57-66	175	225	250	.66	.85	.94
67-78	190	250	275	.61	.80	.88
79-100	210	280	305	.54	.72	.79
101-118	210	295	320	.44	.62	.67
119-142	210	315	340	.37	.56	.60
143-170	210	330	355	.31	.49	.52
171+	210	330	365	.28	.45	.49

1995 Package Self Service

Self Service Payment Grid

Average Monthly Per Carton Payments

<u>B&W Weekly</u> <u>Volume</u>	<u>Silver</u>	<u>Gold</u>	<u>Platinum</u>	<u>Silver</u>	<u>Gold</u>	<u>Platinum</u>
15-25	\$60	\$90	\$110	\$.69	\$1.03	\$1.27
26-35	75	115	140	.56	.86	1.04
36-60	105	130	160	.50	.63	.77
61-80	135	165	195	.44	.54	.64
81-100	175	210	250	.44	.54	.64
101+	195	235	280	.44	.54	.64

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